

AMENDED IN SENATE MARCH 26, 2003

SENATE BILL

No. 410

Introduced by Senator Aanestad

February 20, 2003

An act to amend Section 97.31 of the Revenue and Taxation Code, relating to local government finance.

LEGISLATIVE COUNSEL'S DIGEST

SB 410, as amended, Aanestad. Educational Revenue Augmentation Fund: counties.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the ~~1992-93 and 1993-94~~ 1992-93 and 1993-94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that county for allocation to school districts, community college districts, and the county office of education. Notwithstanding these

allocation reduction provisions, existing property tax law also allows, *in the 1993–94 fiscal year*, an eligible county, as defined, to decrease its reduction in property tax revenues in accordance with a specified formula.

This bill would clarify that the decrease in the reduction in property tax revenues allowed to eligible counties *in the 1993–94 fiscal year* is ~~permanent~~ *incorporated into the formulae by which these revenues are allocated in subsequent fiscal years. This bill would also declare that amendments made by this act are declaratory of existing law.*

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 97.31 of the Revenue and Taxation
2 Code is amended to read:

3 97.31. (a) (1) The Director of Finance ~~may~~ *shall* direct the
4 county auditor to ~~permanently reduce~~ *reduce, in the 1993–94*
5 *fiscal year*, the amount of the transfer to the Educational Revenue
6 Augmentation Fund determined pursuant to subdivision (a) of
7 Section 97.3 for any eligible county in accordance with
8 subdivision (b) of this section, and also shall ~~permanently reduce~~
9 *direct the county auditor to reduce, in the 1993–94 fiscal year*, the
10 amount of that transfer for certain counties in accordance with
11 subdivision (c). The total amount of the ~~reductions for all counties~~
12 ~~that may be authorized pursuant to~~ *reductions for all counties*
13 *made for the 1993–94 fiscal year pursuant to subdivision (b) may*
14 *not exceed two million dollars (\$2,000,000). For the 1994–95*
15 *fiscal year and each fiscal year thereafter, ad valorem property tax*
16 *revenue allocations made pursuant to subdivision (a) of Section*
17 *96.1 shall fully incorporate the adjustments required by this*
18 *section.*

19 (2) For purposes of this section, an “eligible county” is a
20 county with a population of less than 350,000, as reported in the
21 1990 federal census that had a fire element of the tax bill in
22 1977–78, that continues to fund some portion of those costs from
23 the county general fund in 1993–94, and that provides these
24 services in the same manner as a special district less than
25 countywide and has so indicated in the Controller’s Report on
26 Financial Transactions Concerning Counties.

(b) (1) For each eligible county, the county auditor may submit the following information to the Director of Finance not later than November 1, 1993:

(A) The amount of property tax allocated to the county fire district in the 1977–78 fiscal year.

(B) The amount allocated from the county budget to the county fire district in the 1978–79 fiscal year.

(C) The amount of property tax reduction for the county fire district attributable to the passage of Article XIII A of the California Constitution by the voters in the primary election in June 1978.

(D) The amount of money allocated from the county budget to the county fire district in the 1993–94 fiscal year.

(E) The amount allocated to the county fire district from the Special District Augmentation Fund in the 1992–93 fiscal year.

(2) For each eligible county that submits to the Director of Finance by November 1, 1993, the information described in paragraph (1), the Director of Finance shall make the following calculations:

(A) Multiply the amount of property tax allocated to the county fire district in the 1977–78 fiscal year by the change in the value of the property tax base for the county from the 1977–78 fiscal year to the 1978–79 fiscal year.

(B) Subtract the amount reported pursuant to subparagraph (C) of paragraph (1) from the amount determined pursuant to subparagraph (A).

(C) Multiply the amount determined pursuant to subparagraph (B) by an amount determined by the Director of Finance to be the change in assessed value for the county from the 1978–79 fiscal year to the 1993–94 fiscal year.

(D) Multiply the amount reported pursuant to subparagraph (E) of paragraph (1) by 1.038.

(E) Add the amount determined pursuant to subparagraph (C) to the amount determined pursuant to subparagraph (D).

(F) Subtract the amount determined pursuant to subparagraph (E) from the amount reported pursuant to subparagraph (D) of paragraph (1).

(3) The Director of Finance shall determine the sum of all the amounts determined pursuant to subparagraph (F) of paragraph (2).

(4) If the sum determined pursuant to paragraph (3) is greater than two million dollars (\$2,000,000), then the Director of Finance shall proportionately reduce the amount for each county so that the total of the amounts for all counties does not exceed two million dollars (\$2,000,000). If the sum determined pursuant to subdivision (e) does not exceed two million dollars (\$2,000,000), then the Director of Finance shall not reduce the amount determined for each county.

(5) The Director of Finance shall by January 15, 1994, notify each county of its reduction in the amount to be transferred to the Educational Revenue Augmentation Fund pursuant to subdivision (a) of Section 97.3. The maximum amount of the reduction that may be authorized pursuant to this subdivision is one-half the amount determined pursuant to subparagraph (F) of paragraph (2).

(c) The amount to be transferred from a county to an Educational Revenue Augmentation Fund pursuant to subdivision (a) of Section 97.3 shall be reduced by one hundred thousand dollars (\$100,000) for the County of Madera and by two hundred thousand dollars (\$200,000) for the County of Tulare.

SEC. 2. The amendments made to Section 97.31 of the Revenue and Taxation Code by this act are declaratory of existing law.